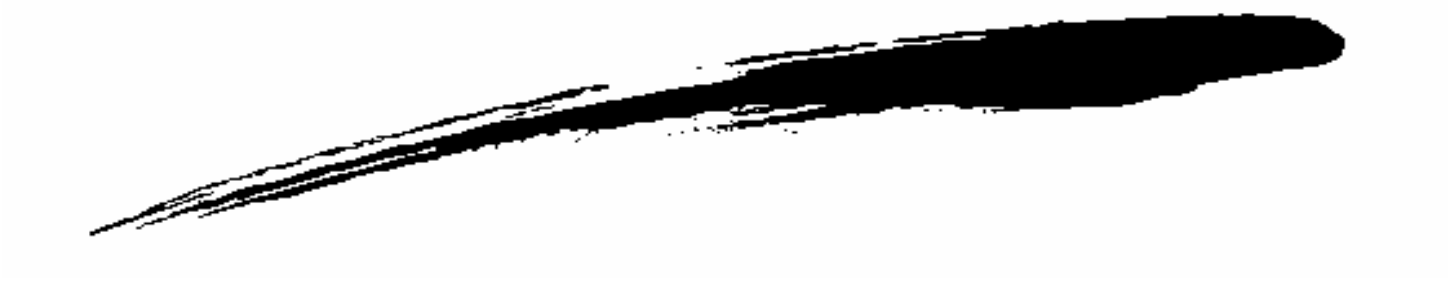
Washington State 2004

Charity Care In Washington Hospitals



July 2006

Washington State Department of Health

Center for Health Statistics
Hospital and Patient Data Systems

Washington State 2004

Charity Care In Washington Hospitals

July 2006

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Foreword

The 1989 Legislature enacted RCW 70.170.060 which prohibits any Washington hospital from denying access to emergency care based on inability to pay or adopting admission policies which significantly reduce charity care. The same legislation directs each hospital to develop a charity care policy. The Department of Health is responsible for rule making and monitoring related to charity care and is required to report to the Legislature and Governor on an annual basis. This report presents data submitted by Washington hospitals in their fiscal year 2004 Hospital Year-end Reports and 2005 Annual Budget Submittals.

This report:

- Provides a source of data to assess the impact of uncompensated health care on hospital charges and continued access to health care in a community.
- Is a resource document for persons wishing to conduct research or seek information on uncompensated health care.

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Executive Summary

This report contains data regarding total charity care charges provided by all licensed hospitals in Washington. Charity care is reported as a percentage of total patient service revenue and of adjusted revenue.

RCW 70.170 defines charity care as "necessary inpatient and outpatient hospital health care rendered to indigent persons...". A person is considered indigent if family income is at or below 200 percent of the federal poverty level (see Appendix 5). Past hospital accounting practice did not consistently separate bad debt (often stemming from non-payment of bills by low income patients) from charity care. As a result of improvements in charity care accounting required by law, this report uses only charity care rather than a combination of charity care and bad debts as in reports prior to 1995.

Washington hospitals provided $378 million in total charity care charges for 2004, which is an increase of 72.7 percent above 2003 and a 138.1 percent increase above the 2002 levels. Charity care for 2004 was 2.02 percent of total hospital revenue and 4.06 percent of "adjusted revenue" (with Medicare and Medcaid payments deleted for comparisons focused on each hospital's base of primarily private payments). Total charity care charges have consistently increased from 1998 to the present. The increase from 2003 to 2004 is the largest increase in charity care ever recorded by either the Department of Health or by the Washington State Hospital Commission.

Thirty-one hospitals each provided more than $2 million of charity care in FY 2004, which accounted for nearly 92 percent of the statewide charity care. Regionally, King County clearly provides the largest dollar amount of charity care, with Harborview Medical Center alone providing approximately 25 percent of the statewide total. Frontier and Remote Rural hospitals (see Appendix 2) report less charity care in proportion to their total adjusted revenue than do urban hospitals. Rural hospitals also have a higher proportion of revenue from Medicare and Medical Assistance (including Medicaid), resulting in a smaller base of private sector payers to which charity care costs could be shifted.

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Charity Care Defined

Charity care is defined in RCW 70.170.020 (see Appendix 4) as necessary hospital health care rendered to indigent persons, when the persons are unable to pay for the care or pay the deductibles or co-insurance amounts required by a third-party payer. A person in need of care is considered "indigent" if family income is at or below 200 percent of the federal poverty level. Past hospital accounting practice did not consistently separate bad debt from charity care. The basic distinction between bad debt and charity care in the health care setting can be made between uncollectible accounts arising from a patient's unwillingness to pay (bad debt) and those arising from a patient's inability to pay (charity care).

Effective March 1991, the Department of Health adopted accounting rules that provided uniform procedures, data requirements, and criteria for identifying patients receiving charity care. These rules also provided a definition of residual bad debt. These changes have resulted in more accurate and consistent reporting on the components of uncompensated care. This report uses only charity care rather than a combination of charity care and bad debts as in earlier reports (pre-1995).

Charity Care Policy For Washington Hospitals

Since 1991, Washington hospitals have been required to maintain a charity care policy on file with the Center for Health Statistics (CHS) in the Department of Health. Each policy includes the following information:

- a set of definitions describing terms the hospital uses in its charity care policy;
- the procedures the hospital uses to determine a patient's ability to pay for health care services and to verify financial information submitted by the patient;
- a sliding fee schedule for individuals whose annual family income is between 100 and 200 percent of the federal poverty level, adjusted for family size; and
- procedures used to inform the public about charity care available at that hospital.

In addition to the charity care policy, each hospital annually reports to the Department of Health actual total charges for charity care and bad debt within 120 days of the close of the fiscal year as part of the hospital's year-end financial report. Hospitals also provide an estimate of charity care 30 days prior to the start of their fiscal year in their annual budget submittal.

Two health maintenance organization hospitals (Group Health Central and Eastside) are not included in this report since health care charges are prepaid through member subscriptions and therefore uncompensated health care is not incurred. Also excluded are two state-owned psychiatric hospitals, federal Veteran's Affairs hospitals and federal military hospitals. This report is based on data collected from 94 licensed Washington hospitals for their fiscal year ending in 2004.

Historically, data reported to the state did not include the number of patients granted charity care. Therefore, it has been unknown whether the number of charity care cases is going up, down, or remaining the same over time. For this reason, the department is currently requesting the number of charity care patients be reported along with charity care charges. For fiscal year 2004, 48 of the possible 94 hospitals reported. These hospitals had 93,096 charity care patients totaling $260 million in charity care. This represents 69 percent of the total 2004 charity care dollars provided.

This report mostly provides charity care summary information, but additional data can be obtained from the CHS's Hospital and Patient Data Systems (HPDS) database. CHS maintains a hospital financial database file of all financial information submitted by Washington hospitals. This database is available for public use and

contains information on hospital utilization, revenues, and expenses. CHS also maintains a database containing patient discharge information known as CHARS (Comprehensive Hospital Abstract Reporting System). CHARS dataset elements include patient demographics, diagnoses and procedures, detail and total revenue charges, insurance payers, physicians, length of stay and DRG assignment.

Measuring Hospitals' Charitable Contributions To Their Communities

Measuring what a hospital gives back to the community or comparing one hospital's contribution with another is not an easy exercise. Hospitals often support their communities through free or low-cost services, which are not easily quantifiable and are not included in their uncompensated health care totals reported to DOH.

Comparisons based solely on data included in this report can result in misleading findings. A high level of charity care may just as easily reflect demographic conditions in a service area (income level, unemployment rate, etc.) as the charitable mission of a hospital. Conversely, a low level may reflect a relative absence of need for charity care in a hospital's service area rather than a lack of commitment to serve the community. This report makes no value judgments about any individual hospital's provision of charity care. DOH has not established a standard for the "appropriate" amount of charity care that a hospital should provide.

A hospital is limited in the amount of uncompensated health care it can provide and still remain a financially healthy institution. Ultimately, if enough charges are uncompensated, whether attributed to bad debt expense or to charity care, the facility will face operating losses. Hospitals may attempt to recover uncompensated health care by shifting costs to other payers, subsidizing uncompensated charges with nonoperating revenue (e.g., parking lots, gifts shops, endowments), or increasing prices for hospital services. With the advent of managed care some of these options became less viable.

Charity Care Charges in Washington Hospitals

Charity care charges increased from $219 million in FY 2003 to $378 million in FY 2004. This represents a 72.7 percent increase in total charity care from 2003 to 2004. Table 1 summarizes the statewide provision of charity care from 1993 through 2004. This table also presents charity care charges as a percentage of total revenue (including Medicare and Medicaid) and adjusted revenue (without those government programs). Total revenue is the sum of billed charges for all patient services. Statewide charity care charges increased by 237 percent over the past 10 years, while statewide revenues increased by 224 percent. Since 1993 fluctuations in statewide operating margins, a profitability measure, have not adversely affected the amount of charity care provided in Washington.

Table 1. Overview of Hospital Charity Care in Washington, 1993-2004

Year	Total Revenue	Adjusted Revenue	Statewide Charity Care	Percent of Total Rev	Percent of Adj Rev	Operating Margin
1993	$ 5,656,853,442	$ 2,604,329,914	$ 117,269,462	2.07%	4.50%	3.30%
1994	6,013,233,056	2,836,757,950	111,947,855	1.86%	3.95%	3.70%
1995	6,393,992,319	3,141,574,942	110,172,746	1.72%	3.51%	4.70%
1996	6,831,863,277	3,351,784,781	105,767,242	1.55%	3.16%	4.10%
1997	7,466,307,575	3,874,390,027	102,008,794	1.37%	2.63%	4.00%
1998	8,283,508,258	4,406,201,947	108,371,473	1.31%	2.46%	2.30%
1999	9,495,164,654	5,131,945,589	112,577,000	1.19%	2.19%	2.00%
2000	11,009,631,695	5,736,296,849	119,081,863	1.08%	2.08%	1.30%
2001	12,559,409,550	6,374,245,419	135,140,421	1.08%	2.12%	2.20%
2002	14,594,866,236	7,361,696,909	158,602,333	1.09%	2.15%	2.50%
2003	16,563,214,722	8,206,850,864	218,716,343	1.32%	2.67%	3.70%
2004	18,703,650,129	9,291,039,218	377,659,433	2.02%	4.06%	3.28%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports FY, 1993-2004.*

The hospital accounting concept of "adjusted revenue" subtracts Medicare and Medicaid charges from total patient care revenue to allow meaningful comparisons of hospital levels of charity care. Medicare and Medicaid have specifically excluded participation in covering charity care from their prospectively determined payment levels. Since the payments that hospitals receive from Medicare and Medical Assistance do not cover charity care, the hospitals adjust their rates to recoup the charity care from their base of private purchasers and payers. This private paying-base differs widely among hospitals as a percentage of business. Therefore, the use of "adjusted revenue" allows for a comparison of hospital charity care as a percentage of privately sponsored patient revenue.

The majority of the state's charity care comes from relatively few hospitals. Thirty-one urban hospitals each reported $3 million or more and together provided $346 million in charity care (approximately 92 percent of the charity care provided statewide) in FY 2004 (see Table 2). The amount of charity care individual hospitals provided ranged from $0 to $93 million, which reflect differences in their size, types of services provided, provisions for charity care in their mission statements, and the characteristics of surrounding communities.

Table 2. Washington Hospitals that Reported More than $3 Million in Charity Care, FY 2004

Hospital	City	County	2003 Charity Care	2004 Charity Care	Percent Change
Harborview Medical Center	Seattle	King	$ 55,302,000	$ 93,480,000	69.04%
Providence General Medical Center	Everett	Snohomish	10,318,505	36,312,907	251.92%
Sacred Heart Medical Center	Spokane	Spokane	7,739,002	16,859,991	117.86%
Providence Saint Peter Hospital	Olympia	Thurston	8,070,857	16,496,058	104.39%
Swedish Medical Center	Seattle	King	8,986,775	15,935,042	77.32%
Southwest Washington Medical Center	Vancouver	Clark	6,466,051	13,219,527	104.45%
Tacoma General Allenmore Hospital	Tacoma	Pierce	5,847,298	12,808,831	119.06%
University of Washington Medical Center	Seattle	King	8,888,000	12,174,473	36.98%
Saint Joseph Medical Center	Tacoma	Pierce	5,208,123	10,799,099	107.35%
Providence Centralia Hospital	Centralia	Lewis	2,391,977	9,993,967	317.81%
Children's Hospital & Regional Med Ctr	Seattle	King	7,840,789	8,930,545	13.90%
Saint Francis Community Hospital	Federal Way	King	2,872,818	6,993,925	143.45%
PeaceHealth Saint John Medical Center	Longview	Cowlitz	4,812,350	6,833,412	42.00%
Valley Medical Center	Renton	King	3,927,200	6,629,913	68.82%
Swedish Providence Medical Center	Seattle	King	3,523,849	6,333,442	79.73%
Saint Joseph Hospital	Bellingham	Whatcom	4,354,001	5,924,551	36.07%
Evergreen Hospital Medical Center	Kirkland	King	4,991,164	5,782,192	15.85%
Saint Clare Hospital	Lakewood	Pierce	3,280,714	5,773,527	75.98%
Yakima Regional Medical Center	Yakima	Yakima	1,255,922	5,190,569	313.29%
Kadlec Medical Center	Richland	Benton	2,735,376	5,185,481	89.57%
Holy Family Hospital	Burien	King	2,744,134	4,927,455	79.56%
Overlake Hospital Medical Center	Bellevue	King	3,885,677	4,848,470	24.78%
Good Samaritan Hospital	Puyallup	Pierce	8,541,618	4,847,916	-43.24%
Northwest Hospital	Seattle	King	4,115,177	4,314,658	4.85%
Harrison Memorial Hospital	Bremerton	Kitsap	2,675,155	4,298,219	60.67%
Virginia Mason Medical Center	Seattle	King	3,527,776	3,924,442	11.24%
Highline Community Hospital	Burien	King	4,278,289	3,786,110	-11.50%
Yakima Valley Memorial Hospital	Yakima	Yakima	2,066,824	3,638,462	76.04%
Skagit Valley Hospital	Skagit	Mt Vernon	3,879,653	3,635,518	-6.29%
Deaconess Medical Center	Spokane	Spokane	2,734,148	3,471,252	26.96%
Stevens Healthcare	Edmonds	Snohomish	1,924,572	3,002,628	56.02%
Total			$ 199,185,794	$ 346,352,582	73.88%

Source: *Washington State Department of Health, Financial Data Year-end Reports, FY2003-2004.*

Appendix 1 lists each hospital's charity care as dollar amounts and as percentages of its total patient service revenue and adjusted revenue. Statewide charity care in FY 2004 averaged 4.06 percent of adjusted revenue, which is significantly higher than FY 2003 average of 2.67 percent.

The three hospitals providing the most charity care as a percentage of total revenue were:

- Harborview Medical Center - Seattle, at 11.79 percent (7.77 percent in 2003)
- Providence Centralia Hospital - Centralia, at 5.81 percent (1.74 percent in 2003)
- Toppenish Community Hospital - Toppenish, at 4.61 percent (0.74 percent in 2003).

The three hospitals providing the most charity care as a percentage of adjusted revenue were:

- Harborview Medical Center - Seattle, at 24.04 percent (18.49 percent in 2003)
- Providence Centralia Hospital - Centralia, at 16.92 percent (5.11 percent in 2003)
- Toppenish Community Hospital - Toppenish, at 9.58 percent (1.98 percent in 2003).

This is the first time that the same three hospitals have the most charity care as a percentage of both total revenue and adjusted revenue.

Tables 3 and 4 group hospitals into five geographic regions. Four of the five regions are groups of 13 to 21 hospitals in contiguous counties. The fifth region, King County, is the state's largest population center and has a concentration of 20 hospitals. The 2004 proportions of charity care show wide variations among different areas of the state.

Table 3. Charity Care Charges by Region, 2001-2004

Hospital Region	Charity Care per 1000 Population 2001	2002	2003	2004
King County	$ 40,785	$ 50,723	$ 64,437	$ 98,960
King County w/o Harborview Med Ctr	20,305	23,962	33,356	46,687
Puget Sound	14,655	16,416	24,311	45,089
Southwest Washington	12,524	13,845	25,564	52,745
Central Washington	16,882	15,716	19,194	36,198
Eastern Washington	17,915	18,570	26,516	48,496
Statewide	$ 22,618	$ 26,251	$ 35,865	$ 61,231

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2001-04; Office of Financial Management – Population Estimates, FY 2001-2004.*

Among these regions, King County clearly provides the largest dollar amount of charity care. However, this picture changes dramatically when Harborview Medical Center's $93 million in charity care (24.75 percent of the statewide total) is excluded. Then charity care in King County drops from 4.17 percent of adjusted revenue to 2.17 percent. It is also important to note that Harborview derives 51.0 percent of its revenue from Medicare and Medicaid. Therefore Harborview has a very limited basis for cost shifting of charity care.

Washington State – Five Geographic Regions

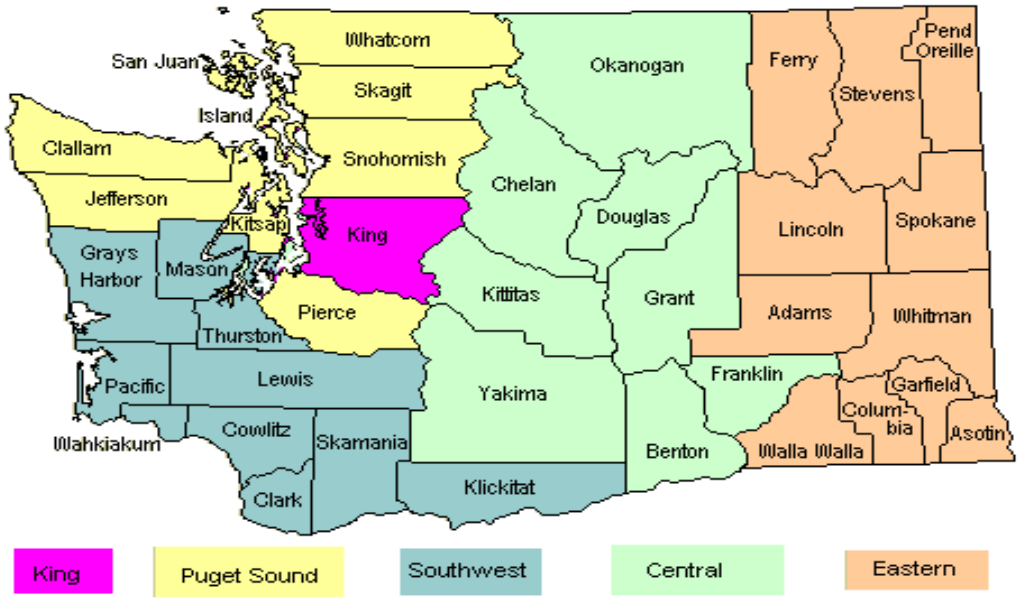


Table 4. Overview of Hospital Charity Care by Region, FY 2004 (Million dollars)

	Charity Care	Total Revenue ($M)	Medicare/ Medical Assistance Revenue	Adjusted Revenue	Charity Care As Percent of Region's Adj Rev
King County	$176.9	$7,705.9	$3,466.5	$4,239.4	4.17%
As a % of State Total	46.8%	41.2%	36.8%	45.6%	
Puget Sound (Less King County)	$94.6	$5,203.0	$2,712.2	$2,490.8	3.80%
As a % of State Total	25.0%	27.8%	28.8%	26.8%	
Southwest Washington	$49.7	$2,115.6	$1,136.7	$978.9	5.08%
As a % of State Total	13.2%	11.3%	12.1%	10.5%	
Central Washington	$25.2	$1,630.3	$946.08	$684.3	3.68%
As a % of State Total	6.7%	8.7%	10.1%	7.4%	
Eastern Washington	$31.3	$2,048.8	$1,151.2	$897.6	2.61%
As a % of State Total	8.3%	11.0%	12.2%	9.7%	
State Total	$377.7	$18,703.6	$9,412.6	$9,291.0	4.06%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2004.*

Using definitions from DOH (Appendix 2), there were 46 hospitals that could be classified as rural in 2004. Of these, eight were in sparsely populated "Frontier" areas; 19 in "Remote Rural" areas; and 19 in "Less Remote Rural" areas. Most rural hospitals are small. Two-thirds have less than 50 available beds. Included in the Less Remote Rural category are five larger Medicare-designated rural referral hospitals that range in size from 145 to 206 set-up beds.

Rural hospitals reported total charity care of $11.6 million in 2002, $21.4 million in 2003, and $38.4 million in 2004. Historically, rural hospitals have tended to provide less charity care than their urban counterparts and have also tended to be more dependent on Medicare and Medicaid discounted payments, as shown in Table 5. For the first time charity care in rural hospitals averaged 4.12 percent of adjusted revenue, while charity care for urban hospitals averaged slightly below at 4.06 percent of adjusted revenue.

Table 5. Rural/Urban Charity Care, FY 2004

	Charity Care % of Adjusted Revenue	Charity Care Per 1000 Population	Medicare & Medical Assistance as a % Total Revenue
Rural Hospitals (46)	4.12%	$ 22,548	59.36%
Frontier (8)	1.96%	11,679	62.29%
Remote Rural (19)	2.64%	5,240	58.26%
Less Remote Rural (19)	4.59%	43,375	59.45%
Urban (48)	4.06%	68,186	49.06%
All Hospitals (94)	4.06%	$ 61,231	50.32%

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2004.*

For 2004, rural hospitals derived 59.36 percent (59.84 percent in 2003) of their total revenue from Medicare and Medicaid discounted payments. This indicated a more limited base for shifting charity care charges to other payers in rural hospitals than in urban hospitals, which have 49.06 percent Medicare/Medicaid payments (49.06 percent in 2003).

In 2004, charity care was less than one percent of total revenue for 24 of the 46 rural hospitals; of these 24, it was 0.5 percent or less for 7 hospitals. In terms of adjusted revenue, Appendix 2 shows charity care was less than 2 percent for 18 of the 46 hospitals; of these 18, it was 1 percent or less for 5 hospitals.

Among the four categories of urban and rural hospitals, Less Remote Rural hospitals provided the most charity care as a percentage of adjusted revenue (4.59%) during 2004.

Charity Care Projections for FY 2005

In accordance with state statute, hospitals submit a projected annual budget to DOH prior to the start of their fiscal year. Included in their budgets are projections for their anticipated total charges for charity care for the next fiscal year, in this case FY 2005 (see Appendix 3). Overall, hospitals project that charity care will increase 60.35 percent, or $151.6 million above their projected charity care for FY 2004 which is 6.68 percent above the actual FY 2004 charity care (see Table 6 below). Since FY 2001, actual charity care has exceeded the projected level.

Table 6. Summary Data of Actual and Projected Charges for Charity Care, Washington Hospitals, FY 2002 - 2005

All Hospitals	2002	2003	2004	2005
Projected Charity	$150,521,847	$173,027,318	$251,252,986	$402,873,174
% Change from Previous Year	12.46%	14.95%	45.21%	60.35%
Actual Charity	$158,602,333	$218,716,343	$377,659,433	
% Change from Previous Year	17.36%	37.90%	72.67%	

Source: *Washington State Department of Health, Hospital Financial Data Year-end Reports, FY 2002-2004 and FY 2002-2005 Annual Budgets.*

How Hospitals Project Charity Care

Most hospitals' FY 2005 charity care projections were based on an analysis performed during their budget process. These analyses usually took into account the following factors:

- a hospital's historical fiscal years and its most recent year-to-date total number of patients and patient charges;
- planned price changes;
- projected volume changes;
- known usage factors (including the area's economy and demographics);
- hospital budget constraints; and
- a hospital's mission or statement to support the community.

How Hospitals Verify Need for Charity Care

Many hospitals state, as part of their missions, that they will serve the poor and underserved. Hospitals usually restrict their uncompensated health care programs to individuals unable to access entitlement programs such as Medicaid, unable to pay for medical obligations, or to those with limited financial resources.

These individuals generally include the recently unemployed, those employed but without employer-provided health insurance, those whose health insurance requires significant deductibles or co-payments, single parents, those recently or currently experiencing a divorce, transients or those without a permanent address, students, as well as their spouses and dependents, retired persons not yet eligible for Medicare, and the elderly who have limited or no Medicare supplemental insurance coverage.

As required by RCW 70.170.060(5), every hospital has a charity care policy on file with the Department of Health that states the hospital's procedure to determine and verify the income information supplied by persons applying for uncompensated health care services. The hospital's charity care policy must be consistently and equitably applied so that no patient is denied uncompensated health care based upon race, creed, color, sex, national origin, sexual orientation, disability, age, or source of income. The steps that hospitals generally use to determine eligibility or verify applicant information are summarized below.

Summary of Steps Generally Used by Washington Hospitals to Determine and Verify Applications for Charity Care

1. Hospital identifies any uninsured, underinsured, or self-pay patients.
2. Patient completes application/determination of eligibility form.
3. Patient completes financial statement that includes income, assets, and liabilities. Patient supplies documentation of resources (e.g., W-2, pay stubs, tax forms), and outstanding obligations (e.g., bank statements, loan documents).
4. Hospital considers federal poverty guidelines and family size.
5. Hospital verifies third-party coverage, if indicated.
6. Designated hospital staff person interviews patient to assess the patient's ability to pay in full, ability to pay reasonable monthly installments, and qualification for charity care.
7. Hospital attempts to secure federal, state, or local funding, if appropriate.
8. After the hospital makes an initial determination of insufficient funds, income, and health care benefits, the claim becomes eligible for final review, often by a committee composed of administrative, business office, social services, and nursing staff. Occasionally, hospital board members serve on these committees.

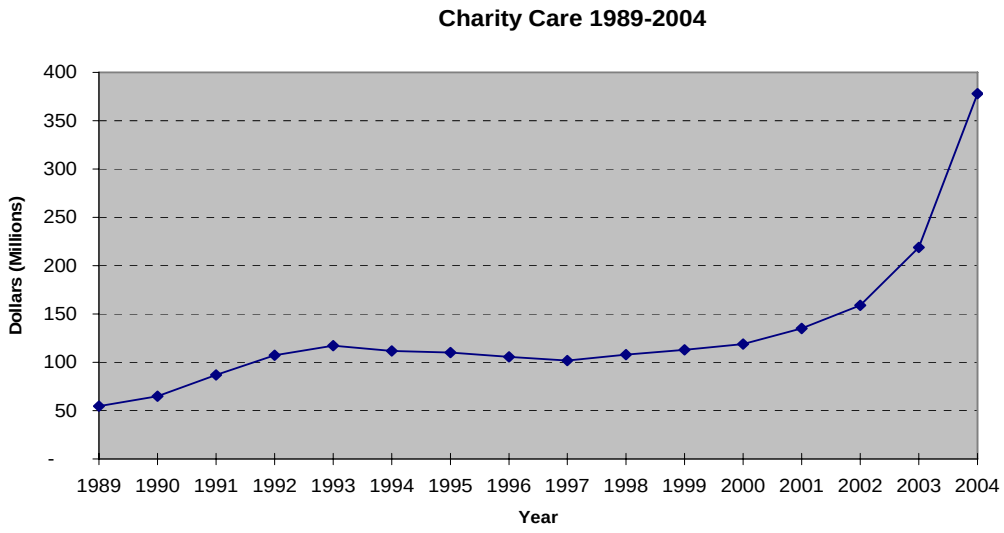
How Hospitals Notify the Public About Charity Care

In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that are mailed to a patient after discharge from the hospital. Additionally, hospitals provide applications for assistance upon a patient's request. Many hospitals publish brochures or pamphlets describing the availability of charity care and identifying the criteria for qualification. Some hospitals offer individual counseling at the time of pre-admission or during the collection process and determine an individual's degree of financial resources. Signs may be posted — in English and in other languages commonly used in the hospital's service area —

explaining available charity care services. These signs are usually located in the admitting and emergency entrance areas of the hospital. Hospitals also publish annual notices in local or area newspapers describing charity care programs.

The Future of Charity Care

Hospitals have historically included service to the poor and underserved as part of their mission. Charity care expenditures grew steadily from 1989, when hospital rate setting was eliminated, until 1993. From 1993 until 1997, that growth stabilized then declined. Charity care increased in 1998 for the first time in five years and continues to increase through 2004 as shown in the chart below. Charity care for 2004 experienced the largest increase (72.7 percent) yet recorded. Today, state budget shortfalls, changes to Medicare and Medicaid entitlements and reduced hospital reimbursements are leading issues that may affect the future of charity care. Preliminary figures indicate that charity care is on a record pace throughout 2005.



The Department of Health has had to rely on complaints from the public regarding charity care denials to ensure compliance with the charity care laws. Beginning in 2000, the Facilities and Services Licensing Division of the department began including the following specific steps during the annual on-site licensing survey to support the charity care mandates. (See Appendix 4 for actual text of charity care laws).

1. Monitor each hospital for compliance with RCW 70.170.060(3) regarding the required admissions policies, practices, and transfer activities.
2. Verify that a hospital's charity care policy required by both RCW 170.170.060(5) and WAC 246-453-070 is current and has been reported to the HPDS office.
3. Assure each hospital prominently displays a notice concerning the waiver/reduction of fees for persons meeting the WAC 246-453-020(2) criteria during the survey process.
4. Check to see that each hospital provides a written explanation of any waiver or reduction of fees provided when a person meets the criteria established in WAC 246-453-020(2).

5. Verify that each hospital requiring an application process for determining eligibility for charity care complies with WAC 246-453-020(5).
6. Substantiate that each hospital complies with WAC 246-453-060 regarding the provision of true emergency care.

The review of charity care is often highlighted in the broader discussion of hospitals and the value they provide to communities. For instance, there has been recent discussion at both the national and state levels regarding the tax-exempt status of not-for-profit hospitals. Some question whether not-for-profit hospitals provide sufficient community benefit to offset the loss of potential tax revenue, particularly as their business operations tend to mirror for-profit hospitals. Also under discussion is the use of a broader definition for community benefits activities. For example, the Washington State Hospital Association's Community Benefits Inventory Project has defined "community benefits" as charity care and community services. The participants working on this project have identified three objectives.

1. Provide reliable information to inspire and support collaborative community benefits activities among hospitals and delivery systems.
2. Provide credible information to support the tax-exempt status of not-for-profit hospitals and systems.
3. Support public education activities aimed at reinforcing the image of hospitals and systems as community oriented organizations.

The Community Benefits Project December 2005 Annual Report states that the 30 participating not-for-profit urban hospitals provided $97 million in community services during 2003. Community services represent programs and activities that go beyond patient care and are primarily subsidized by the hospital. This amount is below the $218 million provided as charity care for the same 30 participating hospitals. This report can be read in its entirety at the Washington State Hospital Association web site, www.WSHA.org.

This information is beneficial in the review of charity care. It provides a much broader and possibly more accurate picture of benefits provided by hospitals in Washington.

Until such time as all residents of Washington have sufficient health care coverage, the need for charity care will continue. Although the amount may vary from year-to-year, the department will continue to collect and report the level of charity care provided by Washington hospitals.

Appendices

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Appendix 1

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Washington Hospitals with Fiscal Years Ending During Calendar Year 2004

		Revenue Categories Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	KING COUNTY (N=20)							
183	Auburn Regional Medical Center	168,120,621	52,399,938	13,016,205	102,704,478	1,830,482	1.09%	1.78%
904	BHC Fairfax Hospital	47,708,850	4,931,071	23,890,202	18,887,577	566,458	1.19%	3.00%
14	Children's Hospital & Medical Center	442,290,740	3,745,817	171,574,283	266,970,640	8,930,545	2.02%	3.35%
35	Enumclaw Community Hospital	30,225,444	9,417,964	3,362,484	17,444,996	164,736	0.55%	0.94%
164	Evergreen Hospital Medical Center	346,563,430	107,029,509	19,983,565	219,550,356	5,782,194	1.67%	2.63%
29	Harborview Medical Center	793,035,000	178,523,000	225,700,000	388,812,000	93,480,000	11.79%	24.04%
126	Highline Community Hospital	289,959,644	118,528,128	46,776,869	124,654,647	3,786,110	1.31%	3.04%
148	Kindred Hospital Seattle	29,392,329	19,012,193	3,280,830	7,099,306	0	0.00%	0.00%
130	Northwest Hospital	327,715,211	138,519,580	14,655,197	174,540,434	4,314,658	1.32%	2.47%
131	Overlake Hospital Medical Center	459,081,762	167,756,145	18,005,074	273,320,543	4,848,470	1.06%	1.77%
202	Regional Hospital for Resp/Complex Care	24,069,171	13,489,047	2,986,577	7,593,547	544	0.00%	0.01%
201	Saint Francis Community Hospital	285,717,915	63,718,049	39,511,534	182,488,332	6,993,925	2.45%	3.83%
204	Seattle Cancer Care Alliance	189,727,471	34,501,131	18,675,573	136,550,767	1,157,862	0.61%	0.85%
195	Snoqualmie Valley Hospital	3,190,083	1,693,934	220,116	1,276,033	1,228	0.04%	0.10%
1	Swedish Hospital Medical Center	1,548,783,198	534,622,437	167,935,664	846,225,097	15,935,042	1.03%	1.88%
3	Swedish Providence Medical Center	409,395,773	190,692,336	51,870,803	166,832,634	6,333,443	1.55%	3.80%
128	University of Washington Medical Center	822,458,464	220,713,774	159,799,917	441,944,773	12,174,473	1.48%	2.75%
155	Valley Medical Center - Renton	438,769,022	113,944,305	76,970,716	247,854,001	6,629,913	1.51%	2.67%
10	Virginia Mason Medical Center	1,040,832,288	393,317,535	33,746,708	613,768,045	3,924,442	0.38%	0.64%
919	West Seattle Psychiatric Hospital	8,913,709	4,230,814	3,770,129	912,766	116,139	1.30%	12.72%
	King County Totals	7,705,950,125	2,370,786,707	1,095,732,446	4,239,430,972	176,970,664	2.30%	4.17%
	PUGET SOUND REGION (Less King Co.) (N=19)							
106	Cascade Valley Hospital	59,401,774	20,111,014	9,322,880	29,967,880	449,675	0.76%	1.50%
54	Forks Community Hospital	17,800,669	3,496,187	4,946,753	9,357,729	205,450	1.15%	2.20%
81	Good Samaritan Hospital	349,958,846	136,227,871	44,485,122	169,245,853	4,847,916	1.39%	2.86%
142	Harrison Memorial Hospital	266,030,446	130,295,185	30,619,906	105,115,355	4,298,219	1.62%	4.09%
134	Island Hospital	82,747,618	40,662,194	4,714,757	37,370,667	607,387	0.73%	1.63%
85	Jefferson General Hospital	53,692,377	25,134,931	6,448,371	22,109,075	816,811	1.52%	3.69%
175	Mary Bridge Children's Health Center	201,546,698	0	85,516,526	116,030,172	1,066,002	0.53%	0.92%
38	Olympic Memorial Hospital	118,238,337	64,715,725	11,829,525	41,693,087	1,250,085	1.06%	3.00%
84	Providence General Medical Center	961,050,182	389,306,157	130,045,470	441,698,555	36,312,907	3.78%	8.22%
920	Puget Sound Behavioral Health	21,816,456	6,315,460	12,116,465	3,384,531	276,727	1.27%	8.18%
132	Saint Clare Hospital	231,824,408	73,379,354	39,482,400	118,962,654	5,773,527	2.49%	4.85%
145	Saint Joseph Hospital - Bellingham	315,496,574	142,546,735	43,601,427	129,348,412	5,924,551	1.88%	4.58%
32	Saint Joseph Medical Center - Tacoma	935,073,090	328,891,084	127,414,280	478,767,726	10,799,099	1.15%	2.26%
207	Skagit Valley Hospital	177,847,238	64,803,877	29,330,188	83,713,173	3,635,518	2.04%	4.34%
138	Stevens Healthcare	269,253,630	100,897,821	31,024,578	137,331,231	3,002,628	1.12%	2.19%
176	Tacoma General Allenmore Hospital	968,529,852	316,912,582	172,026,567	479,590,703	12,808,831	1.32%	2.67%
206	United General Hospital	39,093,700	14,018,887	5,727,908	19,346,905	859,593	2.20%	4.44%
104	Valley General Hospital - Monroe	53,578,657	16,697,221	6,152,228	30,729,208	850,474	1.59%	2.77%
156	Whidbey General Hospital	80,015,785	39,039,739	3,966,931	37,009,115	776,164	0.97%	2.10%
	Puget Sound Region Totals	5,202,996,337	1,913,452,024	798,772,282	2,490,772,031	94,561,564	1.82%	3.80%

Lic #	Region/Hospital	Revenue Categories Dollars) Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	SOUTHWEST WASHINGTON REGION (N=13)							
197	Capital Medical Center	145,979,207	47,297,644	11,329,267	87,352,296	747,226	0.51%	0.86%
63	Grays Harbor Community Hospital	136,519,420	60,969,127	21,783,341	53,766,952	948,702	0.69%	1.76%
8	Klickitat Valley Hospital	12,307,589	3,467,703	2,838,000	6,001,886	42,222	0.34%	0.70%
186	Mark Reed Hospital	7,255,407	2,400,152	1,776,652	3,078,603	149,213	2.06%	4.85%
152	Mason General Hospital	66,002,212	28,362,849	11,659,657	25,979,706	446,677	0.68%	1.72%
173	Morton General Hospital	11,308,695	3,952,065	2,270,576	5,086,054	157,793	1.40%	3.10%
79	Ocean Beach Hospital	15,772,541	8,257,926	1,970,254	5,544,361	467,106	2.96%	8.42%
26	PeaceHealth Saint John Medical Center	270,148,255	116,288,728	50,966,605	102,892,922	6,833,412	2.53%	6.64%
191	Providence Centralia Hospital	172,036,907	82,275,021	30,693,355	59,068,531	9,993,967	5.81%	16.92%
159	Providence Saint Peter Hospital	630,572,499	290,314,739	71,162,037	269,095,723	16,496,058	2.62%	6.13%
96	Skyline Hospital	14,131,303	5,272,020	2,645,641	6,213,642	89,863	0.64%	1.45%
170	Southwest Medical Center	623,759,018	212,517,707	59,813,089	351,428,222	13,219,527	2.12%	3.76%
56	Willapa Harbor Hospital	9,777,786	5,030,693	1,319,983	3,427,110	94,048	0.96%	2.74%
	Southwest Wash Region Totals	2,115,570,839	866,406,374	270,228,457	978,936,008	49,685,814	2.35%	5.08%
	CENTRAL WASHINGTON REGION (N=21)							
158	Cascade Medical Center	5,731,866	2,544,758	408,902	2,778,206	101,299	1.77%	3.65%
168	Central Washington Hospital	211,087,766	96,343,079	32,095,975	82,648,712	2,835,320	1.34%	3.43%
45	Columbia Basin Hospital	10,550,373	3,708,448	3,247,789	3,594,136	25,599	0.24%	0.71%
150	Coulee Community Hospital	12,561,888	4,007,875	2,931,674	5,622,339	85,670	0.68%	1.52%
161	Kadlec Medical Center	289,363,506	114,172,845	39,505,055	135,685,606	5,185,481	1.79%	3.82%
39	Kennewick General Hospital	129,941,900	40,448,847	26,000,814	63,492,239	944,771	0.73%	1.49%
140	Kittitas Valley Hospital	42,382,047	15,483,658	5,528,486	21,369,903	430,878	1.02%	2.02%
165	Lake Chelan Community Hospital	16,659,899	5,879,363	2,723,817	8,056,719	87,991	0.53%	1.09%
915	Lourdes Counseling Center	23,826,709	3,781,548	12,921,795	7,123,366	349,280	1.47%	4.90%
22	Lourdes Medical Center	99,678,298	34,583,417	24,560,315	40,534,566	1,654,128	1.66%	4.08%
147	Mid Valley Hospital	30,306,124	10,811,587	7,104,841	12,389,696	224,870	0.74%	1.81%
107	North Valley Hospital	15,165,980	4,994,170	4,723,165	5,448,645	138,094	0.91%	2.53%
23	Okanogan-Douglas Hospital	13,841,466	4,861,148	2,760,827	6,219,491	110,893	0.80%	1.78%
46	Prosser Memorial Hospital	23,058,221	6,253,522	7,817,056	8,987,643	170,019	0.74%	1.89%
129	Quincy Valley Hospital	7,608,874	2,636,974	2,293,820	2,678,080	32,631	0.43%	1.22%
78	Samaritan Hospital	81,669,443	28,591,493	19,627,804	33,450,146	1,099,678	1.35%	3.29%
198	Sunnyside Community Hospital	36,209,779	10,186,809	13,009,365	13,013,605	445,956	1.23%	3.43%
199	Toppenish Community Hospital	45,549,536	8,033,990	15,569,674	21,945,872	2,101,838	4.61%	9.58%
205	Wenatchee Valley Hospital	29,000,484	10,389,454	2,907,447	15,703,583	337,093	1.16%	2.15%
102	Yakima Regional Medical Center	240,832,960	119,741,489	31,692,209	89,399,262	5,190,569	2.16%	5.81%
58	Yakima Valley Memorial Hospital	265,276,895	100,097,148	61,037,859	104,141,888	3,638,462	1.37%	3.49%
	Central Wash Region Totals	1,630,304,014	627,551,622	318,468,689	684,283,703	25,190,520	1.55%	3.68%

		Revenue Categories Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	EASTERN WASHINGTON REGION (N=21)							
141	Dayton General Hospital	6,697,296	2,475,065	2,099,500	2,122,731	55,103	0.82%	2.60%
37	Deaconess Medical Center	362,517,189	143,888,123	68,889,370	149,739,696	3,471,252	0.96%	2.32%
178	Deer Park Health Center & Hospital	8,693,749	3,370,242	2,458,221	2,865,286	114,353	1.32%	3.99%
111	East Adams Rural Hospital	4,941,101	2,186,889	179,775	2,574,437	0	0.00%	0.00%
167	Ferry County Memorial Hospital	7,753,700	3,272,633	2,204,690	2,276,377	24,695	0.32%	1.08%
82	Garfield County Memorial Hospital	3,985,980	988,315	1,715,925	1,281,740	8,753	0.22%	0.68%
139	Holy Family Hospital	232,846,187	7,064,997	44,087,027	181,694,163	4,927,455	2.12%	2.71%
137	Lincoln Hospital	19,251,314	7,425,761	4,637,486	7,188,067	144,448	0.75%	2.01%
193	Mount Carmel Hospital	36,004,457	15,297,765	6,306,547	14,400,145	284,893	0.79%	1.98%
21	Newport Community Hospital	19,600,409	6,047,470	6,255,234	7,297,705	238,335	1.22%	3.27%
80	Odessa Memorial Hospital	4,008,153	1,326,545	1,517,094	1,164,514	35,948	0.90%	3.09%
125	Othello Community Hospital	19,820,801	3,898,664	7,667,386	8,254,751	292,281	1.47%	3.54%
172	Pullman Memorial Hospital	35,657,153	9,496,376	2,649,696	23,511,081	377,958	1.06%	1.61%
162	Sacred Heart Medical Center	840,496,418	377,620,613	139,226,232	323,649,573	16,859,991	2.01%	5.21%
194	Saint Joseph's Hospital of Chewelah	19,787,766	8,273,253	5,941,764	5,572,749	246,302	1.24%	4.42%
157	Saint Luke's Rehabilitation Institute	34,852,811	20,831,926	3,587,492	10,433,393	21,565	0.06%	0.21%
50	Saint Mary Medical Center	155,802,289	75,325,366	17,750,139	62,726,784	1,655,680	1.06%	2.64%
108	Tri-State Memorial Hospital	53,062,530	33,585,282	3,591,689	15,885,559	455,327	0.86%	2.87%
180	Valley Hospital and Medical Center	95,216,618	43,326,899	11,584,651	40,305,068	916,789	0.96%	2.27%
43	Walla Walla General Hospital	67,967,315	33,040,769	8,233,769	26,692,777	1,047,422	1.54%	3.92%
153	Whitman Community Hospital	19,865,578	9,942,490	1,943,180	7,979,908	72,321	0.36%	0.91%
	Eastern Wash Region Totals	2,048,828,814	808,685,443	342,526,867	897,616,504	31,250,871	1.53%	3.48%
	STATEWIDE TOTALS (N=93)	18,703,650,129	6,586,882,170	2,825,728,741	9,291,039,218	377,659,433	2.02%	4.06%

Source: *Washington State Department of Health, Hospital Year-end Reports, FY 2004.*

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Appendix 2

Rural Definitions

"**Rural**" means geographic areas outside the boundaries of Metropolitan Statistical Areas. Three general types of rural areas reflect the relative isolation from principal health care delivery sites experienced by the resident population and include:

1. "**frontier areas,**" which are counties in rural areas that have a population density of 6 people per square mile or less;

2. "**remote rural areas,**" which are rural areas that are more than 30 minutes average travel time from an urban place of 10,000 population or more and are not within a frontier area; and

3. "**less remote rural,**" which are rural areas that are 30 minutes or less average travel time from an urban place of 10,000 population or more and are not within a frontier area.

Source: ***Washington State*** *Department of Health.*

Appendix 2

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Rural Washington Hospitals with Fiscal Years Ending During Calendar Year 2004, Washington State

		Revenue Categories (Dollars)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
	FRONTIER (N=8)							
141	Dayton General Hospital	6,697,296	2,475,065	2,099,500	2,122,731	55,103	0.82%	2.60%
167	Ferry County Memorial Hospital	7,753,700	3,272,633	2,204,690	2,276,377	24,695	0.32%	1.08%
82	Garfield County Memorial Hospital	3,985,980	988,315	1,715,925	1,281,740	8,753	0.22%	0.68%
137	Lincoln Hospital	19,251,314	7,425,761	4,637,486	7,188,067	144,448	0.75%	2.01%
147	Mid Valley Hospital	30,306,124	10,811,587	7,104,841	12,389,696	224,870	0.74%	1.81%
107	North Valley Hospital	15,165,980	4,994,170	4,723,165	5,448,645	138,094	0.91%	2.53%
80	Odessa Memorial Hospital	4,008,153	1,326,545	1,517,094	1,164,514	35,948	0.90%	3.09%
23	Okanogan-Douglas Hospital	13,841,466	4,861,148	2,760,827	6,219,491	110,893	0.80%	1.78%
	Total Frontier Rural	101,010,013	36,155,224	26,763,528	38,091,261	742,804	0.74%	1.95%
	REMOTE RURAL (N=19)							
158	Cascade Medical Center	5,731,866	2,544,758	408,902	2,778,206	101,299	1.77%	3.65%
150	Coulee Community Hospital	12,561,888	4,007,875	2,931,674	5,622,339	85,670	0.68%	1.52%
111	East Adams Rural Hospital	4,941,101	2,186,889	179,775	2,574,437	0	0.00%	0.00%
54	Forks Community Hospital	17,800,669	3,496,187	4,946,753	9,357,729	205,450	1.15%	2.20%
85	Jefferson General Hospital	53,692,377	25,134,931	6,448,371	22,109,075	816,811	1.52%	3.69%
8	Klickitat Valley Hospital	12,307,589	3,467,703	2,838,000	6,001,886	4,137	0.03%	0.07%
165	Lake Chelan Community Hospital	16,659,899	5,879,363	2,723,817	8,056,719	87,991	0.53%	1.09%
173	Morton General Hospital	11,308,695	3,952,065	2,270,576	5,086,054	157,793	1.40%	3.10%
193	Mount Carmel Hospital	36,004,457	15,297,765	6,306,547	14,400,145	284,893	0.79%	1.98%
21	Newport Community Hospital	19,600,409	6,047,470	6,255,234	7,297,705	238,335	1.22%	3.27%
79	Ocean Beach Hospital	15,772,541	8,257,926	1,970,254	5,544,361	467,106	2.96%	8.42%
125	Othello Community Hospital	19,820,801	3,898,664	7,667,386	8,254,751	292,281	1.47%	3.54%
46	Prosser Memorial Hospital	23,058,221	6,253,522	7,817,056	8,987,643	170,019	0.74%	1.89%
129	Quincy Valley Hospital	7,608,874	2,636,974	2,293,820	2,678,080	32,631	0.43%	1.22%
194	Saint Joseph's Hospital of Chewelah	19,787,766	8,273,253	5,941,764	5,572,749	246,302	1.24%	4.42%
96	Skyline Hospital	14,131,303	5,272,020	2,645,641	6,213,642	89,863	0.64%	1.45%
198	Sunnyside Community Hospital	36,209,779	10,186,809	13,009,365	13,013,605	445,956	1.23%	3.43%
156	Whidbey General Hospital	80,015,785	39,039,739	3,966,931	37,009,115	776,164	0.97%	2.10%
56	Willapa Harbor Hospital	9,777,786	5,030,693	1,319,983	3,427,110	94,048	0.96%	2.74%
	Total Remote Rural	416,791,806	160,864,606	81,941,849	173,985,351	4,596,749	1.10%	2.64%
	LESS REMOTE RURAL (N=19)							
168	Central Washington Hospital	211,087,766	96,343,079	32,095,975	82,648,712	2,835,320	1.34%	3.43%
45	Columbia Basin Hospital	10,550,373	3,708,448	3,247,789	3,594,136	25,599	0.24%	0.71%
63	Grays Harbor Community Hospital	136,519,420	60,969,127	21,783,341	53,766,952	948,702	0.69%	1.76%
134	Island Hospital	82,747,618	40,662,194	4,714,757	37,370,667	607,387	0.73%	1.63%
140	Kittitas Valley Hospital	42,382,047	15,483,658	5,528,486	21,369,903	430,878	1.02%	2.02%

Revenue Categories (Dollars) Charity Care

Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medicaid Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
186	Mark Reed Hospital	7,255,407	2,400,152	1,776,652	3,078,603	149,213	2.06%	4.85%
152	Mason General Hospital	66,002,212	28,362,849	11,659,657	25,979,706	446,677	0.68%	1.72%
38	Olympic Memorial Hospital	118,238,337	64,715,725	11,829,525	41,693,087	1,250,085	1.06%	3.00%
26	PeaceHealth Saint John Medical Center	270,148,255	116,288,728	50,966,605	102,892,922	6,833,412	2.53%	6.64%
191	Providence Centralia Hospital	172,036,907	82,275,021	30,693,355	59,068,531	9,996,967	5.81%	16.92%
172	Pullman Memorial Hospital	35,657,153	9,496,376	2,649,696	23,511,081	377,958	1.06%	1.61%
50	Saint Mary Medical Center	155,802,289	75,325,366	17,750,139	62,726,784	1,655,680	1.06%	2.64%
78	Samaritan Hospital	81,669,443	28,591,493	19,627,804	33,450,146	1,099,678	1.35%	3.29%
207	Skagit Valley Hospital	177,847,238	64,803,877	29,330,188	83,713,173	3,635,518	2.04%	4.34%
108	Tri-State Memorial Hospital	53,062,530	33,585,282	3,591,689	15,885,559	455,327	0.86%	2.87%
206	United General Hospital	39,093,700	14,018,887	5,727,908	19,346,905	859,593	2.20%	4.44%
43	Walla Walla General Hospital	67,967,315	33,040,769	8,233,769	26,692,777	1,047,422	1.54%	3.92%
205	Wenatchee Valley Hospital	29,000,484	10,389,454	2,907,447	15,703,583	337,093	1.16%	2.15%
153	Whitman Community Hospital	19,865,578	9,942,490	1,943,180	7,979,908	72,321	0.36%	0.91%
	Total Less Remote Rural	1,776,934,072	790,402,975	266,057,962	720,473,135	33,064,830	1.86%	4.59%
	Rural Hospital Total (N=46)	2,294,735,891	987,422,805	374,763,339	932,549,747	38,404,383	1.67%	4.12%

Source: *Washington State Department of Health, Hospital Year-end Reports, FY 2004.*

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Appendix 3

Charity Care Provided and Estimated, FY 2004 – 2005

Lic #	Hospital	City	2004 Actual	2005 Estimated
183	Auburn Regional Medical Center	Auburn	$ 1,830,482	$ 1,951,000
197	Capital Medical Center	Olympia	566,458	573,671
158	Cascade Medical Center	Leavenworth	747,226	860,594
106	Cascade Valley Hospital	Arlington	101,299	72,577
168	Central Washington Hospital	Wenatchee	449,676	477,938
14	Children's Hospital & Regional Med Center	Seattle	2,835,320	3,625,911
45	Columbia Basin Hospital	Ephrata	8,930,545	10,018,000
150	Coulee Community Hospital	Grand Coulee	25,599	28,000
141	Dayton General Hospital	Dayton	85,670	94,846
37	Deaconess Medical Center	Spokane	55,103	25,600
178	Deer Park Health Center & Hospital	Deer Park	3,471,252	3,730,000
111	East Adams Rural Hospital	Ritzville	114,353	144,000
35	Enumclaw Community Hospital	Enumclaw	0	13,894
164	Evergreen Hospital Medical Center	Kirkland	164,736	310,000
904	Fairfax Hospital	Kirkland	5,782,194	4,654,334
167	Ferry County Memorial Hospital	Republic	24,695	70,000
54	Forks Community Hospital	Forks	205,450	213,561
82	Garfield County Memorial Hospital	Pomeroy	8,753	10,000
81	Good Samaritan Hospital	Puyallup	4,847,916	7,587,320
63	Grays Harbor Community Hospital	Aberdeen	948,702	910,610
29	Harborview Medical Center	Seattle	93,480,000	100,600,000
142	Harrison Memorial Hospital	Bremerton	4,298,219	5,239,116
126	Highline Community Hospital	Seattle	3,786,110	3,699,006
139	Holy Family Hospital	Spokane	4,927,455	4,691,000
134	Island Hospital	Anacortes	607,387	633,861
85	Jefferson General Hospital	Port Townsend	816,811	1,054,391
161	Kadlec Medical Center	Richland	5,185,481	6,782,084
39	Kennewick General Hospital	Kennewick	944,771	1,434,847
148	Kindred Hospital Seattle	Seattle	0	0
140	Kittitas Valley Hospital	Ellensburg	430,878	309,034
8	Klickitat Valley Hosp	Goldendale	42,222	17,420
165	Lake Chelan Community Hospital	Chelan	87,991	91,786
137	Lincoln Hospital	Davenport	144,448	201,432
915	Lourdes Counseling Center	Richland	349,280	374,949
22	Lourdes Medical Center	Pasco	1,654,127	1,943,087
186	Mark Reed Mem Hospital	McCleary	149,212	119,276
175	Mary Bridge Children's Health Center	Tacoma	1,066,002	1,068,482
152	Mason General Hospital	Shelton	446,677	456,261
147	Mid-Valley Hospital	Omak	224,870	202,000
173	Morton General Hospital	Morton	157,793	124,000
193	Mount Carmel Hospital	Colville	284,893	289,000
21	Newport Community Hospital	Newport	238,335	273,857
107	North Valley Hospital	Tonasket	138,094	100,000
130	Northwest Hospital	Seattle	4,314,658	2,501,587
79	Ocean Beach Hospital	Ilwaco	467,106	686,834
80	Odessa Memorial Hospital	Odessa	35,948	40,000
23	Okanogan-Douglas Hospital	Brewster	110,893	215,636
38	Olympic Memorial Hospital	Port Angeles	1,250,085	1,476,466
125	Othello Community Hospital	Othello	292,281	400,000
131	Overlake Hospital Medical Center	Bellevue	4,848,470	4,875,161
Lic #		City	2004	2005

	Hospital		Actual	Estimated
26	PeaceHealth Saint John Medical Center	Longview	$ 6,833,412	$ 4,843,000
46	Prosser Memorial Hospital	Prosser	170,019	220,931
191	Providence Centralia Hospital	Centralia	9,993,967	8,970,265
84	Providence General Medical Center	Everett	36,312,907	39,089,973
159	Providence Saint Peter Hospital	Olympia	16,496,058	21,202,990
182	Puget Sound Behavioral Health	Tacoma	276,727	248,000
172	Pullman Memorial Hospital	Pullman	377,958	283,348
129	Quincy Valley Hospital	Quincy	32,632	50,000
202	Regional Hosp for Respiratory Care	Seattle	544	25,000
162	Sacred Heart Medical Center	Spokane	16,859,991	10,818,000
132	Saint Clare Hospital	Tacoma	5,773,527	6,205,000
201	Saint Francis Community Hospital	Federal Way	6,993,925	6,957,000
145	Saint Joseph Hospital	Bellingham	5,924,551	6,229,619
32	Saint Joseph Medical Center	Tacoma	10,799,099	11,163,000
194	Saint Joseph's Hospital	Chewelah	246,302	290,000
157	Saint Luke's Rehabilitation Institute	Spokane	21,565	18,810
50	Saint Mary Medical Center	Walla Walla	1,655,680	1,921,076
78	Samaritan Hospital	Moses Lake	1,099,678	1,212,533
204	Seattle Cancer Care Alliance	Seattle	1,157,862	1,684,730
207	Skagit Valley Hospital	Mount Vernon	3,635,518	3,964,925
93	Skyline Hospital	White Salmon	89,863	141,000
195	Snoqualmie Valley Hospital	Snoqualmie	1,228	73,141
170	Southwest Wash Medical Center	Vancouver	13,219,527	11,075,000
138	Stevens Healthcare	Edmonds	3,002,628	3,956,290
198	Sunnyside Community Hospital	Sunnyside	445,956	750,000
1	Swedish Hosp Medical Center	Seattle	15,935,042	17,289,000
3	Swedish Providence Medical Center	Seattle	6,333,442	6,864,000
176	Tacoma General Allenmore Hospital	Tacoma	12,808,831	13,444,311
199	Toppenish Community Hospital	Toppenish	2,101,838	1,577,974
108	Tri-State Memorial Hospital	Clarkston	455,327	420,000
206	United General Hospital	Sedro Woolley	859,593	1,711,147
128	University of Washington Medical Center	Seattle	12,174,473	15,773,443
104	Valley General Hospital	Monroe	850,474	900,000
180	Valley Hospital Medical Center	Spokane	916,789	970,000
155	Valley Medical Center	Renton	6,629,913	8,863,303
10	Virginia Mason Medical Center	Seattle	3,924,442	3,875,000
43	Walla Walla General Hospital	Walla Walla	1,047,422	1,068,146
205	Wenatchee Valley Hospital	Wenatchee	337,093	458,914
919	West Seattle Psychiatric Hospital	Seattle	116,139	116,139
156	Whidbey General Hospital	Coupeville	776,164	776,164
153	Whitman Community Hospital	Colfax	72,321	47,460
56	Willapa Harbor Hospital	South Bend	94,048	120,000
102	Yakima Regional Medical Center	Yakima	5,190,569	8,205,425
58	Yakima Valley Memorial Hospital	Yakima	3,638,462	3,476,133
	STATEWIDE TOTALS		$ 377,659,432	$ 402,873,174

Source: *Washington State, Department of Health, Hospital Financial Data Year-end Reports, FY 2004 and FY 2005 Annual Budgets.*

Appendix 4

Charity Care Laws

RCW 70.170.020 Definitions. As used in this chapter:

(1) "Department" means department of health.

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW.

(3) "Secretary" means secretary of health.

(4) "Charity care" means necessary hospital health care rendered to indigent persons, to the extent that the persons are unable to pay for the care or to pay deductibles or co-insurance amounts required by a third-party payer, as determined by the department.

(5) "Sliding fee schedule" means a hospital-determined, publicly available schedule of discounts to charges for persons deemed eligible for charity care; such schedules shall be established after consideration of guidelines developed by the department.

(6) "Special studies" means studies which have not been funded through the department's biennial or other legislative appropriations. [1995 c 269 § 2203; 1989 1st ex.s. c 9 § 502.]

NOTES:

Effective date--1995 c 269: See note following RCW 9.94A.040.

Part headings not law--Severability--1995 c 269: See notes following RCW 13.40.005.

RCW 70.170.060 Charity care--Prohibited and required hospital practices and policies--Rules--Department to monitor and report. (1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;

(b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital, which maintains an emergency department, shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall develop definitions by rule, as appropriate, for subsection (1) of this section and, with reference to federal requirements, subsection (2) of this section. The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency.

(4) The department shall establish and maintain by rule, consistent with the definition of charity care in RCW 70.170.020, the following:

(a) Uniform procedures, data requirements, and criteria for identifying patients receiving charity care;

(b) A definition of residual bad debt including reasonable and uniform standards for collection procedures to be used in efforts to collect the unpaid portions of hospital charges that are the patient's responsibility.

(5) For the purpose of providing charity care, each hospital shall develop, implement, and maintain a charity care policy which, consistent with subsection (1) of this section, shall enable people below the federal poverty level access to appropriate hospital based medical services, and a sliding fee schedule for determination of discounts from charges for persons who qualify for such discounts by January 1, 1990. The department shall develop specific guidelines to assist hospitals in setting sliding fee schedules required by this section. All persons with family income below one hundred percent of the federal poverty standard shall be deemed charity care patients for the full amount- of hospital charges, provided that such persons are not eligible for other private or public health coverage sponsorship. Persons who may be eligible for charity care shall be notified by the hospital.

(6) Each hospital shall make every reasonable effort to determine the existence or nonexistence of private or public sponsorship which might cover in full or part the charges for care rendered by the hospital to a patient; the family income of the patient as classified under federal poverty income guidelines; and the eligibility of the patient for charity care as defined in this chapter and in accordance with hospital policy. An initial determination of sponsorship status shall precede collection efforts directed at the patient.

(7) The department shall monitor the distribution of charity care among hospitals, with reference to factors such as relative need for charity care in hospital service areas and trends in private and public health coverage. The department shall report to the legislature and executive any problems in distribution which are in contradiction of the intent of this chapter. The report shall include an assessment of the effects of the provisions of this chapter on access to hospital and health care services, as well as an evaluation of the contribution of all purchasers of care to hospital charity care.

(8) The department shall issue a report on the subjects addressed in this section at least annually, with the first report due on July 1, 1990. [1989 lst ex. s. c 9 § 506.]

Hospital Charity Care Rules

Last Update: 6/l/94

WAC 246-453-001 Purpose. This chapter is adopted by the Washington state department of health to implement the provisions of chapter 70.170 RCW. These sections relate to hospital policies for charity care, bad debt and emergency medical care, including admission practices, the compilation and measurement of the level of charity care services provided by each hospital, and penalties for violation of these provisions.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-001, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-001, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453,-001, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-010, filed 12/7/84.]

WAC 246-453-010 Definitions. As used in this chapter, unless the context requires otherwise,

(1) "Department" means the Washington state department of health created by chapter 43.70 RCW;

(2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW;

(3) "Manual" means the *Washington State Department of Health Accounting and Reporting Manual for Hospitals,* adopted under WAC 246-454-020;

(4) "Indigent persons" means those patients who have exhausted any third-party sources, including Medicare and Medicaid, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payor;

(5) "Charity care" means appropriate hospital-based medical services provided to indigent persons, as defined in this section;

(6) "Bad debts" means uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care;

(7) "Appropriate hospital-based medical services" means those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all;

(8) "Medical staff" means physicians, dentists, nurses, and other professional individuals who have admitting privileges to the hospital, and may also participate as members of the medical staff committees, serve as officers of the medical staff, and serve as directors or chiefs of hospital departments;

(9) "Third-party coverage" and "third-party sponsorship" means an obligation on the part of an insurance company or governmental program which contracts with hospitals and patients to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received patient has received hospital services;

(10) "Unusually costly or prolonged treatment" means those services or combinations of services which exceed two standard deviations above the average charge, and/or three standard deviations above the average length of stay, as determined by the department's discharge data base;

(11) "Emergency care or emergency services" means services provided for care related to an emergency medical or mental condition;

(12) "Emergency department" and "emergency room" means that portion of the hospital facility organized for the purpose of providing emergency care or emergency services;

(13) "Emergency medical condition" means a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in:

(a) Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy;

(b) Serious impairment of bodily functions;

(c) Serious dysfunction of any bodily organ or part. With respect to a pregnant woman who is having contractions the term shall mean:

(d) That there is inadequate time to effect a safe transfer to another hospital before delivery; or

(e) That transfer may pose a threat to the health or safety of the woman or the unborn child;

(14) "Responsible party" means that individual who is responsible for the payment of any hospital charges which are not subject to third-party sponsorship;

(15) "Limited medical resources" means the nonavailability of services or medical expertise which are required or are expected to be required for the appropriate diagnosis, treatment, or stabilization per federal requirements of an individual's medical or mental situation;

(16) "Publicly available" means posted or prominently displayed within public areas of the hospital, and provided to the individual in writing and explained, at the time that the hospital requests information from the responsible party with regard to the availability of any third-party coverage, in any language spoken by more than ten percent of the population in the hospitals service area, and interpreted for other non-English speaking or limited English speaking or other patients who can not read or understand the writing and explanation;

(17) "Income" means total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, Strike benefits, unemployment or disability benefits, child Support, alimony, and net earnings from business and investment activities paid to the individual;

(18) "Family" means a group of two or more persons related by birth, marriage, or adoption who live together; all such related persons are considered as members of one family;

(19) "Initial determination of sponsorship status" means an indication, pending verification, that the services provided by the hospital may or may not be covered by third party sponsorship, or an indication from the responsible party, pending verification, that he or she may meet the criteria for designation as an indigent person qualifying for charity care; and

(20) "Final determination of sponsorship status" means the verification of third party coverage or lack of third party coverage, as evidenced by payment received from the third party sponsor or denial of payment by the alleged third party sponsor, and verification of the responsible party's qualification for classification as an indigent person, subsequent to the completion of any appeals to which the responsible party may be entitled and which on their merits have a reasonable chance of achieving third party sponsorship in full or in part.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-010, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-010, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453-010, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), §26114-020, filed 12/7/84.]

WAC 246-453-020 Uniform procedures for the identification of indigent persons. For the purpose of identifying those patients that will be classified as indigent persons, all hospitals shall adopt and implement the following procedures:

(1) The initiation of collection efforts directed at the responsible party shall be precluded pending an initial determination of sponsorship status, provided that the responsible party is cooperative with the hospitals efforts to reach an initial determination of sponsorship status;

(a) Collection efforts shall include any demand for payment or transmission of account documents or information which is not clearly identified as being intended solely for the purpose of transmitting information to the responsible party;

(b) The initial determination of sponsorship status shall be completed at the time of admission or as soon as possible following the initiation of services to the patient;

(c) If the initial determination of sponsorship status indicates that the responsible party may meet the criteria for classification as an indigent person, as described in WAC 246-453040, collection efforts directed at the responsible party will be precluded pending a final determination of that classification, provided that the responsible party is cooperative with the hospital's reasonable efforts to reach a final determination of sponsorship status;

(d) During the pendency of the initial determination of sponsorship status and/or the final determination of the applicability of indigent person criteria, hospitals may pursue reimbursement from any third-party coverage that may be identified to the hospital;

(e) The requirements of this subsection shall not apply to clinics operated by disproportionate share hospitals, as defined and identified by the department of social and health services, medical assistance services, provided that patients are advised of the availability of charity care at the time that services are provided and when presented with a request for payment.

(2) Notice shall be made publicly available that charges for services provided to those persons meeting the criteria established within WAC 246-453-040 may be waived or reduced.

(3) Any responsible party who has been initially determined to meet the criteria identified within WAC 246-453-040 shall be provided with at least fourteen calendar days or such time as the person's medical condition may require, or such time as may reasonably be necessary to secure and to present documentation as described within WAC 246-453-030 prior to receiving a final determination of sponsorship status.

(4) Hospitals must make every reasonable effort to determine the existence or nonexistence of third-party sponsorship that might cover in full or in part the charges for services provided to each patient.

(5) Hospitals may require potential indigent persons to use an application process attesting to the accuracy of the information provided to the hospital for purposes of determining the person's qualification for charity care sponsorship. Hospitals may not impose application procedures for charity care sponsorship which place an unreasonable burden upon the responsible party, taking into account any physical, mental, intellectual, or sensory deficiencies or language barriers which may hinder the responsible party's capability of complying with the application procedures. The failure of a responsible party to reasonably complete appropriate application procedures shall be sufficient grounds for the hospital to initiate collection efforts directed at the patient.

(6) Hospitals may not require deposits from those responsible parties meeting the criteria identified within WAC 246-453-040 (1) or (2), as indicated through an initial determination of sponsorship status.

(7) Hospitals must notify persons applying for charity care sponsorship of their final determination of sponsorship status within fourteen calendar days of receiving information in accordance with WAC 246-453-030; such notification must include a determination of the amount for which the responsible party will be held financially accountable.

(8) In the event that the hospital denies the responsible party's application for charity care sponsorship, the hospital notify the responsible party of the denial and the basis for denial.

(9) All responsible parties denied charity care sponsorship under WAC 246-453-040 (1) or (2) shall be provided with, and notified of, an appeals procedure that enables them to correct any deficiencies in documentation or request review of the denial and results in review of the determination by the hospitals chief financial officer or equivalent.

(a) Responsible parties shall be notified that they have thirty calendar days within which to request an appeal of the final determination of sponsorship status. Within the first fourteen days of this period, the hospital may not refer the account at issue to an external collection agency. After the fourteen day period, if no appeal has been filed, the hospital may initiate collection activities.

(b) If the hospital has initiated collection activities and discovers an appeal has been filed, they shall cease collection efforts until the appeal is finalized.

(c) In the event that the hospitals final decision upon appeal affirms the previous denial of charity care designation under the criteria described in WAC 246-453-040 (1) or (2), the responsible party and the department of health shall be notified in writing of the decision and the basis for the decision, and the department of health shall be provided with copies of documentation upon which the decision was based.

(d) The department will review the instances of denials of charity care. In the event of an inappropriate denial of charity care, the department may seek penalties as provided in RCW 70.170.070.

(10) Hospitals should make every reasonable effort to reach initial and final determinations of charity care designation in a timely manner; however, hospitals shall make those designations at any time upon learning of facts or receiving documentation, as described in WAC 246-453-030, indicating that the responsible party's income is equal to or below two hundred percent of the federal poverty standard as adjusted for family size. The timing of reaching a final determination of charity care status shall have no bearing on the identification of charity care deductions from revenue as distinct from bad debts.

(11) In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical care services, and is subsequently found to have met the charity care criteria at the time that services were provided, any payments in excess of the amount determined to be appropriate in accordance with WAC 246-453-040 shall be refunded to the patient within thirty days of achieving the charity dare designation.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-020, filed 2/14/91, effective 3/17/91.]

WAC 246-453-030 Data requirements for the identification of indigent persons.

(1) For the purpose of reaching an initial determination of sponsorship status, hospitals shall rely upon information provided orally by the responsible party. The hospital may require the responsible party to sign a statement attesting to the accuracy of the information provided to the hospital for purposes of the initial determination of sponsorship status.

(2) Any one of the following documents shall be considered sufficient evidence upon which to base the final determination of charity care sponsorship status, when the income information is annualized as may be appropriate:

(a) A "W-2" withholding statement;

(b) Pay stubs;

(c) An income tax return from the most recently f filed calendar year;

(d) Forms approving or denying eligibility for Medicaid and/or state-funded medical assistance;

(e) Forms approving or denying unemployment compensation; or

(f) Written statements from employers or welfare agencies:

(3) In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the hospitals sliding fee schedule, the hospital is not obligated to establish the exact income level or to request the aforementioned documentation from the responsible party, unless the responsible party requests further review.

(4) In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.

(5) Information requests, from the hospital to the responsible party, for the verification of income and family size shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship, and may not be used to discourage applications for such sponsorship. Only those facts relevant to eligibility may be verified, and duplicate forms of verification shall not be demanded.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-030, filed 2/14/91, effective 3/17/91.]

WAC 246-453-040 Uniform criteria for the identification of indigent persons. For the purpose of identifying indigent persons, all hospitals shall use the following criteria:

(1) All responsible parties with family income equal to or below one hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for charity sponsorship for the full amount of hospital charges related to appropriate hospital-based medical services that are not covered by private or public third-party sponsorship;

(2) All responsible parties with family income between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for discounts from charges related to appropriate hospital-based medical services in accordance with the hospitals sliding fee schedule and policies regarding individual financial circumstances;

(3) Hospitals may classify any individual responsible party whose income exceeds two hundred percent of the federal poverty standard, adjusted for family size, as an indigent person eligible for a discount from charges based upon that responsible party's individual financial circumstances.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-040, filed 2/14/91, effective 3/17/91.]

WAC 246-453-050 Guidelines for the development of sliding fee schedules. All hospitals shall, within ninety days of the adoption of these rules, implement a sliding fee schedule for determination of discounts from billed charges for responsible parties meeting the criteria in WAC 246-453-040(2). These sliding fee schedules must be made available upon request.

(1) In developing these sliding fee schedules, hospitals shall consider the following guidelines:

(a) The sliding fee schedule shall consider the level of charges that are not covered by any public or private sponsorship in relation to or as a percentage of the responsible party's family income;

(b) The sliding fee schedule shall determine the maximum amount of charges for which the responsible party will be expected to provide payment, with flexibility for hospital management to hold the responsible party accountable for a lesser amount after taking into account the specific financial situation of the responsible party;

(c) The sliding fee schedule shall take into account the potential necessity for allowing the responsible party to satisfy the maximum amount of charges for which the responsible party will be expected to provide payment over a reasonable period of time, without interest or late fees; and

(d) Hospital policies and procedures regarding the sliding fee schedule shall specify the individual financial circumstances which may be considered by appropriate hospital personnel for purposes of adjusting the amount resulting from the application of the sliding fee schedule, such as:

(i) Extraordinary nondiscretionary expenses relative to the amount of the responsible party's medical care expenses;

(ii) The existence and availability of family assets, which may only be considered with regard to the applicability of the sliding fee schedule;

(iii) The responsible party's future income earning capacity, especially where his or her ability to work in the future may be limited as a result of illness; and

(iv) The responsible party's ability to make payments over an extended period of time.

(2) Examples of sliding fee schedules which address the guidelines in the previous subsection are:

(a) A person whose annual family income is between one hundred one. and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship limited to forty percent of the excess of that person's annual family income over one hundred percent of the federal poverty standard, adjusted for family size. This responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party.

(b) A person whose family income is between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship reduced according to the schedule below. The resulting responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party. The schedule is as follows:

INCOME AS A PERCENTAGE OF FEDERAL POVERTY LEVEL	PERCENTAGE DISCOUNT
One hundred one to one hundred thirty-three	Seventy-five percent
One hundred thirty-four to one hundred sixty-six	Fifty percent
one hundred sixty-seven to two hundred	Twenty-five percent

(3) The provisions of this section and RCW 70.170-060 (5) shall not apply to the professional services of the hospital's medical staff, provided that the charges for such services are either submitted by the individual medical staff or are separately identified within the hospitals billing system.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-050, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-050, filed 2/14/91, effective 3/17/91.]

WAC 246-453-060 Denial of access to emergency care based upon ability to pay and transfer of patients with emergency medical conditions or active labor.

(1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

(a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;

(b) significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or

(c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.

(2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital which maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must f follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.

(3) The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency. For purposes of monitoring compliance with subsection (2) of this section, the department is to follow all definitions and requirements of federal law.

(4) Except as required by federal law and subsection (2) of this section, nothing in this section shall be interpreted to indicate that hospitals and their medical staff are required to provide appropriate hospital-based medical services, including experimental services, to any individual.

(Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-060, filed 2/14/91, effective 3/17/91.]

WAC 246-453-070 Standards for acceptability of hospital policies for charity care and bad debts.

(1) Each hospital shall develop, and submit to the department, charity care policies, procedures, and sliding fee schedules consistent with the requirements included in WAC 246-453-020, 246-453-030, 246-453-040, and 246-453-050. Any subsequent modifications to those policies, procedures, and sliding fee schedules must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(2) Each hospital shall develop, and submit to the department, bad debt policies and procedures, including reasonable and uniform standards for collection of the unpaid portions of hospital charges that are the patient's responsibility. These standards are to be part of each hospitals system of accounts receivable management manuals, which support hospital collection policies. Manuals should cover procedures for preadmission, admission, discharge, outpatient registration and discharge, billing, and credit and collections. All subsequent modifications to these bad debt policies must be submitted to the department no later than thirty days prior to their adoption by the hospital.

(3) The department shall review the charity care and bad debt policies and procedures submitted in accordance with the provisions of this section. If any of the policies and procedures do not meet the requirements of this section or WAC 246-453-020, 246-453-030, 246-453-040, or 246-453-050, the department shall reject the policies and procedures and shall so notify the hospital. Such notification shall be in writing, addressed to the hospitals chief executive officer or equivalent, and shall specify the reason(s) that the policies and procedures have been rejected. Any such notification must be mailed within fourteen calendar days of the receipt of the hospitals policies and procedures. Within fourteen days of the date of the rejection notification, the hospital shall revise and resubmit the policies and procedures.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-070, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-070, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-070, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-030, filed 12/7/84.]

WAC 246-453-080 Reporting requirements. Each hospital shall compile and report data to the department with regard to the amount of charity care provided, in accordance with instructions issued by the department.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-080, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-080, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-040, filed 12/7/84.]

WAC 246-453-090 Penalties for violation.

(1) Failure to file the policies, procedures, and sliding fee schedules as required by WAC 246-453-070 or the reports required by WAC 246-453-080 shall constitute a violation of, RCW 70.170.060, and the department will levy a civil penalty of one thousand dollars per day for each day following official notice of the violation. The department may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.

(2) Failure to comply with other provisions of chapter 70.170 RCW, and chapter 246-453 WAC, shall result in civil penalties as provided within RCW 70.170.070(2), with the exception that the terms "not exceeding" and "not to exceed" will be read to mean “of”.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-090, filed 6/l/94, effective 7/2/94. Statutory Authority:RCW 70.170.060. 91-05-048 (Order 142), § 246-453-090, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-090, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 26114-090, filed 5/16/86.]

Appendix 5

Federal Poverty Guidelines

The 2006 Federal Poverty Guidelines for all states except Alaska and Hawaii and The District of Columbia from the Federal Register dated January 24, 2006:

Annual Income Poverty Guideline

Size of Family	2004	2005	2006
1	$9,570	$9,570	$9,800
2	12,830	12,830	13,200
3	16,090	16,090	16,600
4	19,350	19,350	20,000
5	22,610	22,610	23,400
6	25,870	25,870	26,800
7	29,130	29,130	30,200
8	32,390	32,390	33,600

For family units with more than eight members, add $3,180 for each additional member for 2004, $3,260 for 2005 and $3,400 for 2006.

These guidelines go into effect on the day they are published, January 24, 2006, with the exception of Hill Burton hospitals, which are effective sixty days from the date of publication.

Source: *Federal Register, Vol. 71, No. 15. January 24, 2006. pp. 3848-3849*